

Message Text

LIMITED OFFICIAL USE

PAGE 01 STATE 017339
ORIGIN EUR-03

INFO OCT-01 AS-01 ISO-00 /005 R

DRAFTED BY: EUR/RPE:RSGELBARD

APPROVED BY: EUR/RPE:PLLAASE

-----260450Z 046257 /14

R 260336Z JAN 77

FM SECSTATE WASHDC

TO USMISSION OECD PARIS

LIMITED OFFICIAL USE STATE 017339

FOLLOWING REPEAT OTTAWA 00264 ACTION SECSTATE INFO MONTREAL
24 JAN 77.

QUOTE LIMITED OFFICIAL USE OTTAWA 0264

POUCHED ALL OTHER AMCONSULS CANADA

E.O. 11652: N/A

TAGS: EINV, CA

SUBJECT: FOREIGN INVESTMENT REVIEW DECISIONS

1. SUMMARY: GORDON DEWHIRST, FIRA RESEARCH DIRECTOR, RECENTLY GAVE EMBOFF LATEST COMPOSITE FIGURES ON TAKEOVERS AND NEW BUSINESS PROPOSALS. BREAKDOWN OF COMPOSITE FIGURES SHOWS ALLOWANCE/DISALLOWANCE RATION FOR TAKEOVERS ABOUT 5 TO 1 FOR PREVIOUS FISCAL YEAR AND ABOUT 8 TO 1 CURRENTLY. ABOUT 11 TO 1 RATIO FOR NEW BUSINESS PROPOSALS PRESENTLY EXISTS, BUT COMPARISION WITH PREVIOUS FISCAL YEAR IMPOSSIBLE. DEWHIRST ALSO INDICATED THAT ITC MINISTER JEAN CHRETIEN, IMPATIENT WITH BUREAUCRATIC REVIEW PROCESS, IS CAUSING MORE PROPOSALS, "TO BE DEEMED ALLOWED," AND FIRA IS ATTEMPTING SPEED UP SCREENING PROPOSALS. END SUMMARY.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 STATE 017339

BEING UNCLASSIFIED

2. DURING DISUCSSION WITH EMBOFF, GORDON DEWHIRST, RESEARCH DIRECTOR OF FIRA, GAVE FOLLOWING COMPOSITE FIGURES ON INVESTMENT PROPOSALS HANDLED BY HIS AGENCY SINCE APRIL 1974:

	ACQUISITIONS	NEW BUSINESSES
REVIEWABLE PROPOSALS	440	207
(OF WHICH)		
ALLOWED	280	123
DISALLOWED	48	10
WITHDRAWN	52	18
UNDER REVIEW	60	56

3. FOR COMPARATIVE PRUPOSES, EMBASSY HAS PREPARED FOLLOWING CHARTS USING PREVIOUS FIR ANNAUAL REPORTS:
FOR FY 75/76 (ENDING MARCH 31, 1976):

	ACQUISITIONS	NEW BUSINESSES
PROPOSALS RESOLVED	153	6
(OF WHICH)		
ALLOWED	110	4
DISALLOWED	22	
WITHDRAWN	21	2

FOR FY 76/77 (UP TO JAN . 14, 1977):

	ACQUISITIONS	NEW BUSINESSES
PROPOSALS RESOLVED	146	145
(OF WHICH)		
ALLOWED	120	119
DISALLOWED	14	10
WITHDRAWN	12	16

4. THUS, IN FY 75/76 RATION OF ALLOWED TO DISALLOWED
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 STATE 017339

TAKEOVERS WAS 5 TO 1, AND IN FY 76/77 SO FAR, RATIO IS RUNNING AT OVER 8 TO 1. NO SIMILAR COMPARISONS CAN BE MADE FOR NEW BUSINESSES, WHICH ARE CURRENTLY AT ABOUT 11 TO 1 RATIO, SINCE PHASE II OF ACT DID NOT COME INTO FORCE UNTIL OCTOBER 1975. DEWHIRST THOUGHT, HOWEVER, THAT TOTAL MEMBER OF FOREIGN NEW BUSINESSES BEING OPENED IN CANADA WAS ABOUT AT SAME LEVEL OBTAINING BEFORE OCTOBER 1975.

5. OF 440 TAKEOVER PROPOSALS REVIEWED SINCE APRIL 9, 1974, 286 CAME FROM U.S. INTERESTS (OR ABOUT 65 PERCENT). HOWEVER, OF 207 NEW BUSINESS PROPOSALS FORE REVIEW ONLY 93 CAME FROM U.S. INTERESTS (OR 45 PERCENT). DEWHIRST SAID HE DIDN'T KNOW WHAT CONCLUSIONS HE WOULD DRAW FROM THIS, BUT HIS RESEARCH GROUP WOULD STUDY SITUATION.

BEGIN LIMITED OFFICIAL USE

6. WHEN EMBOFF ASKED DEWHIRST ABOUT LARGE NUMBER OF "DEEMED TO HAVE BEEN ALLOWED" PROPOSALS RECENTLY, DEWHIRST SAID THAT HE HAD NO CURRENT BREAKOUT OF NUMBER OF SUCH PROPOSALS, BUT HE DID AGREE THAT NUMBER HAD INCREASED SUBSTANTIALLY. THIS SITUATION DUE, ACCORDING TO DEWHIRST, TO ITC MINISTER CHRETIEN'S "IMPATIENCE" WITH SYSTEM. DEWHIRST SAID CHRETIEN WANTS REVIEW PROCESS, EXCEPT FOR VERY COMPLICATED CASES, TO TAKE ONLY 60 DAYS, AND HE DOES NOT BELIEVE THAT HE MUST WAIT FOR ALL GOVERNMENT AGENCIES TO MAKE RECOMMENDATIONS BEFORE HE MOVES PROPOSAL TO CABINET.

7. DEWHIRST SAID THAT IN LINE WITH CHRETIEN'S THINKING, FIRA IS SHORTENING ITS APPLICATION FORMS, HAS PREPARED NEW INTERNAL REGULATIONS FOR HANDLING SMALL BUSINESSES, AND IN GENERAL IS MAKING REVIEW LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 STATE 017339

PROCESS MUCH LESS TIME-CONSUMING.

8. COMMENT. EMBOFF RECEIVED DISTINCT IMPRESSION FROM DEWHIRST THAT CHRETIEN IS SHAKING UP BUREAUCRACY AT FIRA AND, UNLIKE PREVIOUS ITC MINISTERS, CHRETIEN WANTS FIRA TO BE REAL SCREENING AGENCY, NOT BUREAUCRATIC BLOCK TO FOREIGN INVESTMENT.

9. SENSING NEW ATMOSPHERE AT FIRA, TORONTO STAR OF JANUARY 22 CARRIED FRONT-PAGE ARTICLE GENERALLY CRITICIZING CHRETIEN APPROACH AND CLAIMING CHRETIEN PROPOSING AMENDMENTS TO INVESTMENT ACT WHICH WOULD "PULL TEETH" OF FIRA. REPORTER MAINTAINED CHANGES WOULD EXEMPT ALL BUT BIGGEST REAL ESTATE DEALS FROM SCREENING PROCESS, PROVIDE QUICKER HANDLING OF SMALL COMPANIES, AND CONSOLIDATE FIRA APPLICATION FORMS. WITH TYPICAL STAR BIAS, REPORTER CONCLUDES THAT "WELCOME MAT IS NOW OUT FOR FOREIGN INVESTMENT," AND "GONE ARE GALLANT WORDS OF ... ALASTAIR GILLESPIE, WHO SPOKE THREE YEARS AGO OF A CANADA 'MORE THAN A MERE APPENDAGE OF FOREIGN CORPORATE GIANTS.'"ENDERS UNQUOTE VANCE

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORT, DATA, FOREIGN INVESTMENTS, INVESTMENT OPPORTUNITIES, BUSINESS FIRMS
Control Number: n/a
Copy: SINGLE
Sent Date: 26-Jan-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977STATE017339
Document Source: CORE
Document Unique ID: 00
Drafter: EUR/RPE:RSGELBARD
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770027-1055
Format: TEL
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770116/aaaaanax.tel
Line Count: 160
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 5adddad0-c288-dd11-92da-001cc4696bcc
Office: ORIGIN EUR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Dec-2004 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3494590
Secure: OPEN
Status: NATIVE
Subject: FOREIGN INVESTMENT REVIEW DECISIONS
TAGS: EINV, CA
To: OECD PARIS
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/5adddad0-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009